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**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/27/10

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.
New Orleans, Louisiana

I have audited the accompanying statement of financial position of the **University of New Orleans Research and Technology Foundation, Inc.** (a non-profit organization) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended June 30, 2010. These financial statements are the responsibility of the management of the **University of New Orleans Research and Technology Foundation, Inc.** My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

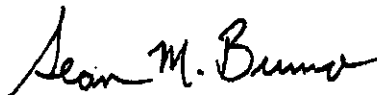
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **University of New Orleans Research and Technology Foundation, Inc.** as of June 30, 2010, and the changes in its net assets, and its cash flows for the year then ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.
New Orleans, Louisiana
Page 2

In accordance with Government Auditing Standards, I have also issued a report dated October 6, 2010 on my consideration of the **University of New Orleans Research and Technology Foundation's, Inc.** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in the report (shown on page 25) is presented for the purpose of additional analysis and is not a required part of the financial statements of **University of New Orleans Research and Technology Foundation, Inc.** Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2010

Sean M. Bruno
Certified Public Accountants

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010**

ASSETS

Current Assets

Cash and equivalents (NOTE 2)	\$ 3,040,219
Investments (NOTE 6)	4,138,322
Receivables (NOTE 7)	3,659,647
Other current assets	<u>405,448</u>

Total current assets 11,243,636

Non-current Assets

Property and equipment, net of accumulated depreciation of \$40,520,969 (NOTE 2 and 5)	107,290,145
Prepaid bond insurance, net	527,486
Cost of bond issuance, net (NOTE 2)	458,200
Escrow (NOTE 15)	<u>196,734</u>

Restricted non-current assets

Investments – bond funds (NOTES 6 and 11)	<u>3,123,291</u>
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Total non-current assets 111,595,856

Total assets \$ 122,839,492

LIABILITIES

Current Liabilities

Accounts payables and accrued liabilities	\$ 1,646,163
Deferred revenues	413,114
Due to affiliate	425,716
Amounts held in custody for others (NOTE 8)	54,527
Interest payable	867,758
Notes payable, current (NOTE 10)	6,105,154
Bonds payable, current (NOTE 11)	215,000
Other liabilities	<u>26,755</u>

Total current liabilities 9,754,187

Non-current liabilities

Bonds payable, long-term (NOTE 11)	37,975,000
Premium on sale of bonds (NOTE 11)	1,258,057
Notes payable, long term (NOTE 10)	<u>2,162,292</u>

Total non-current liabilities 41,395,349

Total liabilities 51,149,536

NET ASSETS (NOTE 2)

Unrestricted-invested in capital assets, net of related debt	60,663,444
Unrestricted	<u>11,026,512</u>

Total net assets 71,689,956

Total liabilities and net assets \$ 122,839,492

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Revenues and Support:

Grants and contracts	\$ 7,136,420
Contributions	897,067
Property operation (NOTE 13)	3,714,645
Dormitory rents	2,132,449
Investment earnings	93,028
Other revenues	<u>1,390,628</u>

Total unrestricted revenues and other support	<u>15,364,327</u>
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Expenses: (NOTE 2)

Program Services:	
International programs	1,035,976
Property operations	2,988,222
Student housing	1,972,190
Grants and contracts	<u>3,341,460</u>

Total program services	<u>9,337,848</u>
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Supporting services	<u>4,564,074</u>
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Total expenses	<u>13,901,922</u>
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Increase / (decrease) in unrestricted net assets	<u>1,462,315</u>
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Net assets at beginning of year	<u>70,227,641</u>
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Net assets at end of year	\$ <u>71,689,956</u>
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The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Property Operations									
	Research and Technology				Center for Energy Resource Management			Technology Transfers/ Grants and Contracts		Total
	Management and General	International Programs	Park	Building 1	ITC	Advanced Technology Center	Energy Resource Management	Student Housing	Contracts	
Travel/mileage	\$ 2,258	\$ 70,783	\$ -	\$ -	\$ 631	\$ 515	\$ 103	\$ -	\$ 10,372	\$ 84,662
Advertising	380	104,491	-	-	-	-	-	-	-	104,871
Amortization and depreciation	3,412,424	-	-	-	-	-	-	17,286	-	3,429,710
Interest expense	704	-	-	-	-	520,569	-	1,931,246	-	2,452,519
Rentals and leases	2,194	521,674	1,370	-	-	-	10	100	7,778	533,126
Dues & Subscriptions	3,948	2,510	-	-	2,249	160	70	-	826	9,763
Telephone	7,997	11,345	-	-	4,997	2,948	6,003	-	-	33,290
Supplies and services	6,795	13,024	644	2,306	31,505	8,608	6,758	-	3,220	72,860
Equipment	4,006	17,095	-	-	-	100	-	9,633	1,987	32,821
Accounting and auditing fees	31,500	1,627	-	-	-	-	-	-	7,500	40,627
Cultivations/donations	214,262	672	-	-	-	-	-	-	27	214,961
Legal fees	65,235	-	-	-	-	-	-	-	94,014	159,249
Contract services	579,902	121,536	1,230	3,073	274,744	42,874	64,853	5,000	2,674,136	3,767,348
Fees and registrations	1,050	5,893	-	-	-	-	-	-	80	7,023
Official functions	9,089	142,970	-	-	-	-	-	-	2,417	154,476
Transfer to University/affiliates	97,655	2,150	-	-	-	-	18,426	8,925	417,215	544,371
Contract cleaning	-	-	-	12,100	295,441	46,629	54,855	-	-	409,025
Repairs and maintenance	121,731	390	114,531	30,020	133,348	40,560	99,000	-	121,888	661,468
Security	-	-	162,465	660	538,083	22,910	17,309	-	-	741,427
Utilities	550	5,332	25,359	123,428	79,935	156,133	31,551	-	-	422,288
Insurance	608	10,851	-	-	-	-	-	-	-	11,459
Other expenses	1,786	3,633	-	-	3,663	2,143	3,353	-	-	14,578
Totals	\$ 4,564,074	\$ 1,035,976	\$ 305,599	\$ 171,587	\$ 1,364,596	\$ 844,149	\$ 302,291	\$ 1,972,190	\$ 3,341,460	\$ 13,901,922

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities

Change in net assets	\$ 1,462,315
Adjustments to reconcile change in net assets to net cash Provided (used) by operating activities:	
Depreciation expense	3,412,424
Amortization of bond premium	(47,462)
(Increase) decrease in accounts and grants receivable	736,212
(Increase) decrease in non-current receivables	29,750
(Increase) decrease in other assets	46,933
(Increase) decrease in prepaid bond insurance	19,900
(Increase) decrease in cost of bond issuance	17,286
(Increase) decrease in escrow	(196,734)
Increase (decrease) in payables and other liabilities	(2,544,531)
Increase (decrease) in deferred revenue	(27,792)
Increase (decrease) in due to affiliate	425,716
Increase (decrease) in amounts held in custody for others	4,802
Increase (decrease) in interest payable	(71,793)
Increase (decrease) in other liabilities	<u>8,657</u>
Net cash provided by operating activities	<u>3,275,683</u>

Cash Flows Used in Investing Activities

Purchase of investments	(79,608)
Purchase of fixed assets	<u>(3,894,424)</u>
Net cash used in investing activities	<u>(3,974,032)</u>

Cash Flows Used in Financing Activities

Proceeds from notes payable	967,879
Payment on bond principal	<u>(175,000)</u>
Net cash provided by financing activities	<u>792,879</u>

Net increase (decrease) in cash and cash equivalents	<u>94,530</u>
Cash and cash equivalents at the beginning of the year	<u>2,945,689</u>
Cash and cash equivalents at the end of the year	<u>\$ 3,040,219</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - ORGANIZATION:

The University of New Orleans Research and Technology Foundation, Inc. (the Foundation) was organized on March 3, 1997 as a non-profit organization to accomplish the following purposes:

- A. As its principal purpose, to support any and all appropriate programs, facilities and research and educational opportunities offered by the University of New Orleans (the "University") and the Louisiana State University System ("the LSU System");
- B. To promote and support the well-being and advancement of the University and all the colleges, schools, departments, and divisions comprising it, and to develop, expand, and improve the University's curricula, programs, and facilities so as to provide greater educational advantages and opportunities; encourage teaching, research, scholarship, and service, and increase the University's benefits to the citizens of the State of Louisiana, the United States of America and the world;
- C. To engage in scientific research carried on for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of or retention of, an industry in the community or area;
- D. To promote the development of high technology industries and research in Louisiana;
- E. To create, develop, construct, operate, manage and finance one or more research and technology parks, technology enterprise centers and other facilities and operations which promote development of research, development and high technology in Louisiana;

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - ORGANIZATION, CONTINUED:

- F. To increase employment opportunities in Louisiana;
- G. To promote research and development in Louisiana;
- H. To promote cooperation between the public and private sector with respect to research and development;
- I. To attract nationally prominent scientists and researchers to the University;
- J. To maximize research capabilities in Louisiana;
- K. To solicit and accept, whether by way of outright, limited or conditional gifts, grants and bequests, in trust or otherwise, donations of all kinds, including property, both real and personal, whether principal or income, tangible or intangible, vested or contingent, for the purpose of providing funds or property for the general purposes of the corporation and for research, instructional activities, scholarships, public service activities, and such other designated benefits for the University and its faculty, staff and students as may be prescribed by donors or testators to the corporation;
- L. To exercise all such powers and authority as may be necessary for the accomplishment of the objects and purposes herein set forth and to do any and all other things related to or connected therewith which are not forbidden by law.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles and are prepared on the accrual basis. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

The Foundation has adopted the provision of the Statement of Financial Accounting Standards SFAS No. 116, "Accounting for Contributions Received and Contribution Made," and SFAS No. 117, "Financial Statements of Non-for-Profit Organizations," which is codified in FASB ASC Topic 958 and reports its financial position and activities according to three classes of net assets according to external (donor) imposed restrictions.

A description of the three (3) net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Foundation are included in this category. The Foundation has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Foundation, and therefore, the Foundation's policy is to record these net assets as unrestricted. Also, the Foundation considers the revenues received from the Cooperative Endeavor Agreements (the Agreements) to be exchange transactions, since each party to the Agreements receives and sacrifices something of approximately equal value.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting, Continued

- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.
- Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 2010, the Foundation had \$71,689,956 in unrestricted net assets, of which \$60,663,444 was invested in capital assets, net of related debt. There were no temporary or permanently restricted net assets.

Fixed Assets

Fixed assets are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Depreciation of the buildings and office furniture and equipment is provided using the straight-line method over the estimated useful life of the fixed assets which is forty (40) and five (5) years, respectively. Equipment acquired under capital leases are depreciated over the life of the lease which is five (5) years.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits by \$2,739,001 as of June 30, 2010.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Bond Issuance Costs

Bond issuance costs incurred in relationship to the bond indebtedness has been capitalized and amortized over the life of the bond liability which range from two years to thirty years. Amortization expense for the year ended June 30, 2010 totaled \$ 17,286.

Note Payable

During the year ended December 31, 1999, the Foundation received a non-interest bearing loan in the amount of \$1,500,000. The present value concept was utilized to determine the initial amount of the discount (\$1,011,313) which is amortized over the life of the loan utilizing the interest method. The balance of the discount at June 30, 2010 totaled \$217,463.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS:

University of New Orleans/
Avondale Maritime Technology Center of Excellence

General

On May 16, 1997, the State of Louisiana (the State), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the University), the **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)**, and Avondale Industries, Inc. entered into a Cooperative Endeavor Agreement (the Agreement) for an initial term of fifteen years, and from one-to-seven additional five year periods.

The Agreement and related amendment provided for the use of annually appropriated State funds and the corporate guarantee by Avondale of certain financial obligations incurred by **the Foundation** for the purpose of enhancing or maintaining the economic well-being of the State of Louisiana. As a material inducement to the State to enter into the Agreement, Avondale represented that it was awarded a contract for the construction of certain U. S. Department of Navy vessels which will provide a substantial economic benefit to the State. **The Foundation** and Avondale represented that the economic benefit occurring as a result of the payment or performance of the State's obligation will equal or exceed the value of the State's obligations.

Obligations

Avondale donated certain property to the University which is leased to **the Foundation** pursuant to the terms of a Ground Lease. A ship design facility (Facility), including a laboratory and support area for the UNO School of Naval Architecture and Marine Engineering, has been built on such property by **the Foundation** and is sub-leased to Avondale. Also, **the Foundation** has equipped the Facility and leased such equipment to Avondale.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

University of New Orleans/
Avondale Maritime Technology Center of Excellence, Continued

Obligations, Continued

Avondale agreed that it will utilize the Facility for the design and construction of vessels pursuant to the Navy LPD-17 Contract and other contracts. Furthermore, Avondale agrees that it will provide support to the University of New Orleans School of Naval Architecture and Marine Engineering by providing to the University a Right of Use of space constituting 21,000 square feet in the Facility subleased by Avondale from **the Foundation**.

National Center for Advanced Manufacturing/
NASA Facilities Modifications and Equipment Acquisition

General

Effective July 15, 2007, the State of Louisiana (the State), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the University), the **University of New Orleans Research and Technology Foundation (the Foundation)**, and the National Aeronautics and Space Administration's George C. Marshall Space Flight Center (NASA) entered into a Cooperative Endeavor Agreement (the Agreement) for an initial term of ten years with options for four additional five year periods.

The Agreement provides for the use of a State appropriation to fund an approximately \$20 million expansion of the University's National Center for Advanced Manufacturing (NCAM), located in NASA's Michoud Assembly Facility in New Orleans (MAF), to include the purchase of new equipment by the State and the completion of facilities modifications made by **the Foundation** to MAF to accommodate installation and operation of the new equipment.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

National Center for Advanced Manufacturing/
NASA Facilities Modifications and Equipment Acquisition, Continued

General, Continued

The NCAM collaboration was established to strengthen the competitiveness of the United States of America in aerospace and other commercial markets that require large structure manufacturing. NASA intends to implement programs at MAF that will result in the growth of jobs at MAF, and the growth in the local and State economy resulting in an economic benefit exceeding the value of the State's obligations. The expanded use of MAF by NASA, its contractors, the University and the Foundation will further research and development initiatives, educational opportunities and production work on NASA's planned Orion Crew Exploration Vehicle, Ares Crew Launch Vehicle and related projects (the Orion Project).

Obligations

NASA will provide physical and operational access to MAF for use by NCAM and other users and provide routine maintenance and repair of the MAF building and new equipment as necessary. NASA agrees to use reasonable efforts to perform substantial work at MAF on the Orion Project. In the event the costs of the project exceed the State appropriation, NASA agrees to use its reasonable efforts to obtain other funds as required to complete the project.

The University will accept title to the new equipment purchased by the State and seek cooperative opportunities with NASA and the private sector and coordinate education, research, skills training and related activities for academic entities desiring to use NCAM and the new equipment.

The Foundation will arrange for the design and construction of the MAF facilities modifications to support the installation of the new equipment. The Foundation will also manage the use of the new equipment, and shall enter into agreements with other entities as necessary for the use of NCAM and the new equipment.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

National Center for Advanced Manufacturing/
MAF Research and Development Administration Building

General

On December 18, 2007, the State of Louisiana (the State), the **University of New Orleans Research and Technology Foundation (the Foundation)**, and the National Aeronautics and Space Administration's George C. Marshall Space Flight Center (NASA) entered into another Cooperative Endeavor Agreement (the CEA) for a period of thirty (30) years.

The CEA provides for the use of State funds to pay approximately \$40 million of project costs associated with the planning, design, construction and equipping of a new NASA Research and Development Administration Building (the Building) to be built at MAF. The Building will be used collaboratively by the **Foundation** and NASA for research and development administration, production work on the Orion Project, education, training and related matters for NASA, its contractors, the University, other Federal and State agencies, other higher educational institutions and private industry. The additional investment from this CEA will retain critical research and engineering skills and capacity in Louisiana necessary to support NASA's mission, attract high technology companies and provide educational and training opportunities generally improving the State's economy and recovery of the New Orleans Metropolitan area from Hurricane Katrina.

Obligations

The **Foundation** will use the funds provided by the State for the planning, design, acquisition, construction and equipping of the Building. NASA will operate and maintain the Building and use approximately 70% of the square footage for its programs. The **Foundation** will manage the use by the University and commercial entities of the remaining square footage of the Building. Commercial users will pay their pro-rata share of the Building maintenance and operating costs to NASA. The **Foundation** will retain title to the Building, furniture, fixtures and equipment during the term of the CEA.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

National Center for Advanced Manufacturing / NASA Supplemental
Equipment and Facilities Modifications

General

The State of Louisiana (the State), the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (the University), the University of New Orleans Research and Technology Foundation (the Foundation), and the National Aeronautics and Space Administration's George C. Marshall Space Flight Center (NASA) entered into a Supplemental Cooperative Endeavor Agreement/Space Act Agreement (the Supplemental Agreement) effective October 1, 2008 for an initial period of ten years with four (4) options to renew for periods of five (5) years each.

Expanding on the Cooperative Endeavor Agreement (CEA) of July 15, 2007, the Supplemental Agreement further enhances the capabilities of the University's National Center for Advanced Manufacturing (NCAM), located in the NASA's Michoud Assembly Facility in New Orleans (MAF). This Supplemental Agreement provides for the use of additional State appropriations to fund approximately \$42 million of supplemental equipment, additional changes MAF/NCAM facilities and installation of the supplemental equipment. The facilities modifications and supplemental equipment installation are projected to cost approximately \$10 million.

The Supplemental Agreement augments the previous CEA, significantly broadening the use of MAF for research, development and production work on the Ares Launch Systems, Orion Crew Exploration Vehicle and related R&D projects (Orion Project) and collaborative R&D initiatives at NCAM.

Obligations

Access to MAF will be provided by NASA for construction of the facilities modifications, installation, use and operation of the supplemental equipment by NCAM and other users. NASA will provide routine maintenance of the supplemental equipment and repair the facilities as necessary. NASA agrees to use its reasonable efforts to perform substantial work at MAF on the Orion Project. As required to achieve the functional use of the facilities modifications and supplemental equipment, NASA agrees to use its reasonable efforts to obtain other funds to complete the project in the event the State appropriations are insufficient.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENTS, CONTINUED:

The State will purchase the supplemental equipment and transfer such title to the University. The University will seek cooperative opportunities with NASA and the private sector regarding the University's instruction, research and public service missions as well as coordinate education, research, skills training and related activities for academic entities desiring to use NCAM and the supplemental equipment.

The Foundation will arrange for the design and construction of the MAF facilities modifications to support the installation of the supplemental equipment. On behalf of the University, the Foundation will manage use of the supplemental equipment and will enter into agreements with other entities as necessary for the use of NCAM and the supplemental equipment.

NOTE 4 - INCOME TAXES:

The Foundation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 5 - FIXED ASSETS:

Fixed assets consist of the following at June 30, 2010:

<u>Description</u>	<u>Balance at</u> <u>6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/10</u>
Land improvements	\$ 258,573	\$ -	\$ -	\$ 258,573
Building - Pontchartrain Hall	35,936,788	-	-	35,936,788
Building - Avondale	12,754,737	-	-	12,754,737
Building and Parking Garage	57,081,824	149,686	-	57,231,510
Building - ATC	9,004,555	9,738	-	9,014,293
Building - Coastal Research	-	894,842	-	894,842
Construction-In-Progress	11,630,137	2,952,477	(152,850)	14,429,764
Office furniture & equipment	6,488,974	40,531	-	6,529,505
Equipment (capitalized lease)	10,537,258	-	-	10,537,258
Tenant improvements	223,844	-	-	223,844
Accumulated depreciation	(37,108,545)	(3,412,424)	-	(40,520,969)
Net Fixed Assets	\$ 106,808,145	\$ 634,850	\$ (152,850)	\$ 107,290,145

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - INVESTMENTS:

Investments are stated at market value in accordance with SFAS No. 124, *Accounting for certain Investments held by Not-for-Profit Organizations*. Net appreciation (depreciation) in the fair value of investments, which consists of realized gains and losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities. Investments consist of the following at December 31, 2010:

Short-term investments	\$ 68,335
Certificates of deposit	3,578,072
Federal bonds	<u>491,915</u>
Sub-total	4,138,322
Bond reserves	<u>3,123,291</u>
Total	<u>\$ 7,261,613</u>

Bond reserves represent those amounts that are maintained by the bond trustee for debt service reserves. These amounts are being classified as restricted non-current assets.

NOTE 7 - RECEIVABLES:

Receivables consist of the following:

Accounts receivable	\$ 418,596
Grants receivable	850,713
Due from affiliates	1,769,409
Tenants receivables	105,735
Other	<u>515,195</u>
Total	<u>\$ 3,659,647</u>

Due from affiliates represents amounts due from the University of New Orleans and the Property Housing and Development Foundation.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - AMOUNTS HELD IN CUSTODY FOR OTHERS:

Amounts held in custody for others consist of security deposits from building tenants. The tenants are required to pay a security deposit at the beginning of their lease. At June 30, 2010, security deposits totaled \$54,527.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS:

In accordance with FASB ASC Topic 820 fair value is defined as the price that **the Foundation** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Foundation's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determine through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED:

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. All investments are considered to be level I investments.

The following tables summarize the valuation of the Foundation's financial instruments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of June 30, 2010 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 3,040,219	\$ 3,040,219
Accounts receivable	418,596	418,596
Grants receivable	850,713	850,713
Due from affiliates	1,769,409	1,769,409
Other receivables	3,638,923	3,638,923
Investments	7,261,613	7,261,613
Bonds payable	38,190,000	38,190,000
Notes payable	8,267,446	8,267,446
Interest payable	867,758	867,758

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - NOTES PAYABLE:

On October 19, 1999, the Foundation entered into a Construction Loan Agreement in the amount of \$1,500,000 with the Louisiana Public Facilities Authority. The loan bears no interest with the first annual payment due October 1, 2000 and continuing through October 1, 2014. The payments are conditioned upon the establishment of a \$500,000 operating reserve. At June 30, 2010 the operating reserve was not fully funded. Each annual payment shall be equal to 87.35% of the net cash flow relative to the Advanced Technology Center for the immediate preceding fiscal year. The unamortized discount relative to the note totaled \$217,463 at June 30, 2010, which is recorded as a reduction of the note payable and an increase in interest expense.

On October 19, 1999, the Foundation entered into a Loan Agreement with Whitney National Bank. The balance of the loan at June 30, 2010 was \$6,008,124. The loan bears an interest rate of 7.25% with an annual payments beginning in 2001 and continuing through January 19, 2011, at which time the remaining unpaid balance of principal and interest will be due. Although the loan covers a ten year period, the loan payments are based on a twenty-five year amortization schedule resulting in a large payment of all outstanding principal and interest being due on January 19, 2011.

The following is a summary of notes payable at June 30, 2010:

Louisiana Public Facilities Authority	
Principal amount	\$ 1,387,984
Unamortized discount	<u>(217,463)</u>
Sub-total	<u>1,170,521</u>
Dryades Savings & Loan	1,088,802
Whitney Bank	<u>6,008,123</u>
Total	<u>\$ 8,267,446</u>

At June 30, 2010, the current and non-current portion of notes payable totaled \$6,105,154 and \$2,162,292, respectively.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - BONDS PAYABLE:

On August 8, 2006, the Louisiana Public Facilities Authority issued \$38,500,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2006) to the Foundation. The proceeds of the bonds are being used for the financing, planning, design, construction, furnishing and equipping of resident facilities for use by the University of New Orleans, including all equipment, furnishings, fixtures and facilities incidental or necessary in connection therewith. The proceeds will also be utilized to pay the costs associated with the issuance of the bonds. The bond agreement provides for interest on the outstanding bonds at rates ranging from 3.75% to 5.25% per annum. The outstanding bonds, which were purchased at a premium and accrued interest, are required to be repaid as follows for the next five years and thereafter:

2011	\$ 215,000
2012	275,000
2013	340,000
2014	405,000
2015-2037	<u>36,955,000</u>
	<u>\$ 38,190,000</u>

Bond funds totaling \$3,123,291 have been deposited with the bond trustee at June 30, 2010. The bonds were issued at a premium, which totaled \$1,400,442 at the bond issuance date. The premium will be amortized over the life of the bonds. The total amount of premium amortized during the year ended June 30, 2010 totaled \$47,462.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - PROPERTY, FACILITY AND EQUIPMENT LEASE AGREEMENTS:

UNO/Avondale Maritime Technology Center of Excellence

On May 16, 1997, the **Foundation** and Avondale Industries, Inc. entered into a sub-lease agreement which provides for Avondale Industries, Inc. to lease from the **Foundation**, the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land.

The terms of the sub-lease agreement during the first twelve years (1997-2009) provides for Avondale Industries, Inc. to pay as rental the sum of \$100,000 per year by September 1 of each year provided that the State has made the annual appropriation provided for in the Cooperative Endeavor Agreement. Beginning September 1, 2009 and for each year thereafter during the term of the sub-lease, rent in the amount of \$100,000 is due and payable by September 1st of each year without regard to the State Appropriation.

Information Technology Center

On January 15, 1998, April 14, 1999 and on July 3, 2000, the **Foundation** entered into a sub-lease agreement and amended lease modifications, respectively with the United States of America (the Government) to lease from the **Foundation**, approximately 300,000 square feet of administrative space, 700 hard surface parking spaces, and 15.71 acres of land located at the University of New Orleans Research and Technology Park. The terms of the facility lease agreement provide that the Government will have and hold the noted facility for the term beginning on the date of completion of the facility for an initial ten year term with fifteen individual one year renewal terms. The lease is renewed annually with the annual rent for the premises and maintenance services of \$1.00 and \$1,839,668, respectively for the year ended June 30, 2010.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - RELATED PARTY TRANSACTION:

University of New Orleans Foundation

The University of New Orleans Foundation provides certain payroll management functions, as well as office space, meeting space, utilities, and use of all office furniture and equipment to **the Foundation** for a nominal monthly fee. **The Foundation** has paid \$538,136 to the University of New Orleans Foundation for the aforementioned services.

NOTE 15 - ESCROW / CONTINGENCY:

The City property tax assessor has assessed **the Foundation** with real estate property taxes, interest and penalties for certain buildings owned by **the Foundation** in the total amount of approximately \$12,000,000 as of August 2010. **The Foundation** believes that it is entitled to property tax exemptions under present law and jurisprudence due to its non-profit status and due to the use of these buildings to further the non-profit goals of **the Foundation**. **The Foundation** is engaged in ongoing discussions with the assessor and the City of New Orleans. **The Foundation** has begun litigation proceedings regarding this matter. Although, **the Foundation** believes that it has adequate defenses against the assessment, if not successful, the assessment, interest and penalties may have a significant impact on the financial condition of **the Foundation**. **The Foundation's** counsel is unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which **the Foundation** may be subject. However, in order to begin litigation, **the Foundation** has paid \$196,734 to be held in escrow by the City of New Orleans in protest of the property tax assessment.

SUPPLEMENTARY INFORMATION

Sean M. Bruno
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION

To the Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.
New Orleans, Louisiana

My report on my audit of the financial statements of the **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The other supplementary information which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements has also been subjected to auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.


SEAN M. BRUNO

CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2010

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA or Other Number</u>	<u>Pass-Through Entity's Number</u>	<u>Activity</u>
<u>U.S. Department of Commerce</u>			
<u>Research and Development Cluster</u>			
<u>Direct Awards</u>			
Title IX, Economic Adjustment Assistance	11.307	N/A	\$ 54,346
Total U.S. Department of Commerce			54,346
<u>U.S. National Aeronautics Space Administration</u>			
<u>Research and Development Cluster</u>			
<u>Direct Awards</u>			
The Development of Innovative Advanced Composite Manufacturing Technologies	43.NCC8223	N/A	250,313
Total U.S. National Aeronautics and Space Administration			250,313
<u>U.S. Environmental Protection Agency</u>			
<u>Research and Development Cluster</u>			
<u>Direct Awards</u>			
Congressionally Mandated Projects	66.202	N/A	1,417,376
Total U.S. National Aeronautics and Space Administration			1,417,376
Total Expenditures of Federal Awards			\$ 1,722,035

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - Basis of Accounting:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the **Foundation** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

NOTE 2 - Sub-recipients:

Of the federal expenditures presented in the Schedule, the **Foundation** provided \$1,555,072 to various sub-recipients under the various grant awards during the year ended June 30, 2010.

OTHER SUPPLEMENTARY INFORMATION

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

ASSETS

Current Assets

Cash and cash equivalents	\$ 3,040,219
Investments	4,138,322
Accounts receivable, net	3,659,647
Other current assets	405,448
Total current assets	<u>11,243,636</u>

Noncurrent Assets

Investments	3,123,291
Capital assets, net	107,290,145
Prepaid Bond Insurance Expense	527,486
Cost of Bond Issuance	458,200
Other	196,734
Total noncurrent assets	<u>111,595,856</u>
Total assets	<u>\$ 122,839,492</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 2,071,879
Deferred revenues	413,114
Amounts held in custody for others	54,527
Interest Payable	867,758
Notes payable	6,105,154
Bonds Payable	215,000
Other current liabilities	26,755
Total current liabilities	<u>9,754,187</u>

Noncurrent Liabilities

Bonds payable, net	39,233,057
Notes payable, net	2,162,292
Total noncurrent liabilities	<u>41,395,349</u>

Total liabilities

51,149,536

NET ASSETS

Invested in capital assets, net of related debt	60,663,444
Unrestricted	11,026,512
Total Net Assets	<u>\$ 71,689,956</u>

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES

Gifts received by the foundation	\$ 20,000
Federal grants and contracts	1,722,035
State and local grants and contracts	3,711,386
Nongovernmental grants and contracts	1,702,999
Other operating revenues	<u>7,237,722</u>
Total operating revenues	<u>14,394,142</u>

OPERATING EXPENSES

Other operating expenses	<u>4,399,952</u>
Total operating expenses	<u>4,399,952</u>
Operating income (loss)	<u>9,994,190</u>

NONOPERATING REVENUES AND (EXPENSES)

Net investment income (loss)	93,028
Interest expense	(2,452,519)
Payments to or on behalf of the university	<u>(7,049,451)</u>
Net nonoperating revenues (expenses)	<u>(9,408,942)</u>
Income before other revenues, expenses, gains, and losses	<u>585,248</u>

Capital appropriations	-
Capital gifts and grants	877,067
Additions to permanent endowments	<u>-</u>
Other additions, net	<u>-</u>
Extraordinary item - loss on impairment of capital assets	<u>-</u>
Increase (decrease) in net assets	<u>1,462,315</u>

Net assets at beginning of year, restated	<u>70,227,641</u>
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Net assets at end of year	<u><u>\$ 71,689,956</u></u>
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**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION**

ORGANIZATION

The University of New Orleans Research and Technology Foundation is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: University of New Orleans. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended June 30, 2010, the University of New Orleans Research and Technology Foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes in the amount
\$ 7,049,451

Complete financial statements for the University of New Orleans Research and Technology Foundation can be obtained from: 2000 Lakeshore Drive, New Orleans, Louisiana, 70148

The University of New Orleans Research and Technology Foundation is a nonprofit organization that reports under FASB standards, including FASB ASC Topic 958, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the university's financial report for these differences.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

	Balance 6/30/2009	Prior Period Adjustment	Restated Balance 6/30/2009	Additions	*Transfers	**Retirements	Balance 6/30/2010
Capital assets not being depreciated							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	258,573	-	258,573	-	-	-	258,573
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Construction in progress	11,630,137	-	11,630,137	2,952,477	(140,432)	(12,418)	14,429,764
Total capital assets not being depreciated	\$ 11,888,710	\$ -	\$ 11,888,710	\$ 2,952,477	\$ (140,432)	\$ (12,418)	\$ 14,688,337
Depreciable land improvements	223,844	-	223,844	-	-	-	223,844
** Less accumulated depreciation	(134,824)	-	(134,824)	(42,606)	-	-	(177,430)
Total land improvements	89,020	-	89,020	(42,606)	-	-	46,414
Buildings	114,777,904	-	114,777,904	954,365	99,901	-	115,832,170
** Less accumulated depreciation	(19,967,668)	-	(19,967,668)	(3,353,844)	-	-	(23,321,512)
Total buildings	94,810,236	-	94,810,236	(2,399,479)	99,901	-	92,510,658
Office Furniture & Equipment	17,026,232	-	17,026,232	-	40,531	-	17,066,763
** Less accumulated depreciation	(17,006,053)	-	(17,006,053)	(15,974)	-	-	(17,022,027)
Total equipment	20,179	-	20,179	(15,974)	40,531	-	44,736
Total other capital assets	\$ 94,919,435	\$ -	\$ 94,919,435	\$ (2,458,059)	\$ 140,432	\$ -	\$ 92,601,808
Capital Asset Summary:							
Capital assets not being depreciated	\$ 11,888,710	\$ -	\$ 11,888,710	\$ 2,952,477	\$ (140,432)	\$ (12,418)	\$ 14,688,337
Other capital assets, at cost	132,027,980	-	132,027,980	954,365	140,432	-	133,122,777
Total cost of capital assets	143,916,690	-	143,916,690	3,906,842	-	(12,418)	147,811,114
Less accumulated depreciation	(37,108,545)	-	(37,108,545)	(3,412,424)	-	-	(40,520,969)
Capital assets, net	\$ 106,808,145	\$ -	\$ 106,808,145	\$ 494,418	\$ -	\$ (12,418)	\$ 107,290,145

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS, NOTES PAYABLE, AND OTHER LIABILITIES

	Balance June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Amounts due within one year
Bonds & notes payable:					
Bonds payable	\$ 38,365,000	\$ -	\$ 175,000	\$ 38,190,000	\$ 215,000
Notes payable**	7,299,567	1,209,171	241,292	8,267,446	6,105,154
Total bonds, notes and capital leases	45,664,567	1,209,171	416,292	46,457,446	6,320,154
Other liabilities:					
Amounts held in custody for others	49,725	9,078	4,276	54,527	54,527
Total other liabilities	49,725	9,078	4,276	54,527	54,527
Total long-term liabilities	\$ 45,714,292	\$ 1,218,249	\$ 420,568	\$ 46,511,973	\$ 6,374,681

**One of the notes payable is a noninterest bearing note, which resulted in a discount being recorded and amortized annually.
The total amount amortized during the year ended June 30, 2010 totaled \$73,152.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS PAYABLE:

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/09	(Redeemed) Issued	Principal Outstanding 6/30/10	Interest Rates	Total Interest Outstanding 6/30/10
Louisiana PublicFacilities Authority Revenue Bonds-							
Student Housing Project	8/8/06	38,500,000	38,365,000	(175,000)	38,190,000	3.75% to 5.25%	\$ 36,865,820
Unamortized premium - Series 2006	8/8/06	1,400,442	1,305,519	(47,462)	1,258,057		-
Total		\$ 39,900,442	\$ 39,670,519	\$ (222,462)	\$ 39,448,057		\$ 36,865,820

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF NOTES PAYABLE:

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/09	(Redeemed) Issued	Principal Outstanding 6/30/10	Interest Rates	Interest Outstanding 6/30/10
Louisiana Public Facilities Authority	10/19/99	1,500,000	\$ 1,387,984 (290,615)	\$ - 73,152	\$ 1,387,984 (217,463)	0.00%	\$ -
LPFA Unamortized Discount ***							
Whitney Bank	10/19/99	7,350,000	6,202,198	(194,075)	6,008,123	7.25%	4,179,563
Dryades Bank	12/23/09	1,136,019	-	(47,217)	1,088,802	3.75%	148,357
Total		\$ 9,986,019	\$ 7,299,567	\$ (168,140)	\$ 8,267,446		\$ 4,327,920

***The LPFA note payable is a noninterest bearing note, which resulted in a discount being recorded and amortized annually.
The total amount amortized during the year ended June 30, 2010 totaled \$73,152.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BOND AMORTIZATION:

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	215,000	1,950,886	2,165,886
2012	275,000	1,942,824	2,217,824
2013	340,000	1,931,824	2,271,824
2014	405,000	1,918,224	2,323,224
2015	480,000	1,897,974	2,377,974
2016	550,000	1,878,174	2,428,174
2017	625,000	1,855,074	2,480,074
2018	705,000	1,828,511	2,533,511
2019	785,000	1,797,844	2,582,844
2020	870,000	1,763,500	2,633,500
2021	970,000	1,717,825	2,687,825
2022	1,075,000	1,666,900	2,741,900
2023	1,180,000	1,610,463	2,790,463
2024	1,295,000	1,548,513	2,843,513
2025	1,415,000	1,480,525	2,895,525
2026	1,540,000	1,406,238	2,946,238
2027	1,675,000	1,325,388	3,000,388
2028	1,815,000	1,237,450	3,052,450
2029	1,980,000	1,142,163	3,122,163
2030	2,085,000	1,038,213	3,123,213
2031	2,190,000	928,750	3,118,750
2032	2,305,000	813,775	3,118,775
2033	2,415,000	704,288	3,119,288
2034	2,545,000	577,500	3,122,500
2035	2,675,000	443,888	3,118,888
2036	2,815,000	303,450	3,118,450
2037	<u>2,965,000</u>	<u>155,656</u>	<u>3,120,656</u>
TOTAL	<u>\$ 38,190,000</u>	<u>\$ 36,865,820</u>	<u>\$ 75,055,820</u>

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
NOTES TO OTHER SUPPLEMENTARY INFORMATION**

SCHEDULE OF NOTES PAYABLE AMORTIZATION

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	6,105,154	4,219,285	10,324,439
2012	100,688	36,065	136,753
2013	104,682	32,072	136,754
2014	1,279,252	28,022	1,307,274
2015	<u>677,670</u>	<u>12,476</u>	<u>690,146</u>
TOTAL	<u>\$ 8,267,446</u>	<u>\$ 4,327,920</u>	<u>\$ 12,595,366</u>

Sean M. Bruno
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND COMPLIANCE AND OTHER
MATTERS OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.
New Orleans, Louisiana

I have audited the financial statements of the **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)** as of and for the year ended June 30, 2010, and have issued my report thereon dated October 6, 2010. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the **Foundation's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Foundation's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the **Foundation's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND COMPLIANCE AND OTHER
MATTERS OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

(CONTINUED)

Internal Control Over Financial Reporting, Continued

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of **the Foundation's** financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Foundation's** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND COMPLIANCE AND OTHER
MATTERS OVER FINANCIALREPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

(CONTINUED)

Compliance and Other Matters, Continued:

I noted certain other matters that I reported to management of **the Foundation** in a separate letter dated October 6, 2010.

This report is intended solely for the information and use of management, others within the entity, funding sources, and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2010

Sean M. Bruno
Certified Public Accountants

Sean M. Bruno
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.
New Orleans, Louisiana

Compliance

I have audited the compliance of **University of New Orleans Research and Technology Foundation, Inc. (the Foundation)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2010. **The Foundation's** major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to major federal program is the responsibility of **the Foundation's** management. My responsibility is to express an opinion on **the Foundation's** compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards; issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the Foundation's** compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on **the Foundation's** compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

Compliance, Continued

In my opinion, **the Foundation** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

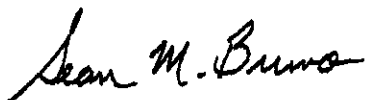
Internal Control Over Compliance

The management of **the Foundation** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered **the Foundation's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

This report is intended solely for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

October 6, 2010

Sean M. Bruno
Certified Public Accountants

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE I - Summary of the Independent Auditors' Results

1. Type of report issued on the financial statements. **Unqualified Opinion.**
2. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
3. Did the audit disclose any significant deficiencies in internal control over financial reporting? **No.**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization? **No.**
5. Did the audit disclose any material weaknesses in internal control over major Federal programs? **No.**
6. Did the audit disclose any significant deficiencies in internal control over major programs ? **None reported.**
7. Type of report issued on compliance for major programs. **Unqualified.**
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a)? **No.**
9. The following is an identification of major programs:

CFDA or
Contract Number

Name of
Federal Program

Various

Research and Development
Cluster

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE I - Summary of the Independent Auditors' Results, Continued

10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000.
11. Did the auditee qualify as a low risk auditee under OMB Circular A-133, Section 530? No

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

SCHEDULE II - Financial Statement Findings

None noted.

SCHEDULE III - Federal Awards Findings

None noted.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.
SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

There were no prior year audit findings.